GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6203
ANSWERED ON:05.05.2000
MECHANISM FOR NON-BANKING FINANCIAL COMPANIES
C. SREENIVAASAN

Will the Minister of FINANCE be pleased to state:

(a) whether the RBI is absolving itself from the responsibilities of regulatory mechanism for non-banking financial companies and on the contrary leaves it to the self-discipline of these institutions;

(b) whether such an attitude on the part of RBI is resulting in gross violation by some cash rich companies in the matter of commercial paper (CP) business;

(c) whether during the course of inspection, RBI had found that CP`s issued by several cash rich companies did not contain full details;

(d) if so, the details thereof;

(e) if so, whether RBI envisages any disciplinary action against the said violators followed by an investigation by CBI, and

(f) if not, the reasons therefore?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) Yes, Sir.

(b) Does not arise. RBI have reported that it is their experience that raising of resources by issue of Commercial Paper is resorted to only by a few cash rich companies. These are subscribed to generally by banks and corporates and do not fall within the purview of public deposits and thus fall beyond the Directions on acceptance of deposits.

(c) No, Sir.

(d) (e) & (f):- Do not arise.